

REGULAR BOARD OF TRUSTEES MEETING MINUTES

Tuesday, March 25, 2008

Dave Adams called the meeting to order at 10:02a.m. Other Board members present included Don Bennett, Cyndi Walsh, Cari Whicker, and Ryan Kitchell.

TRF staff present included Steve Russo, Tom Davidson, Becky Carter, Bethaney Matlock, Bob Newland, Steffanie Rhinesmith, and Julia Pogue. Others present were Ralph Ayres, Gail Zeheralis, Marek Tyszkiewicz, Lisa Harrison, John Dowell, and Mike Zurich.

The minutes of the February 26, 2008 meeting were presented. Cyndi Walsh moved to approve the minutes. Cari Whicker seconded the motion. The motion carried.

Steve Russo gave a brief ASA overview discussing pre-tax contributions, post-tax contributions, allocation changes, and withdrawals. Dave Adams requested information regarding how many inactive members still have their ASA in the Fund. Lisa Harrison from Ice Miller discussed the IRS private letter ruling that allows TRF members to make irrevocable pre-tax contributions. She stated the IRS will not allow a modified ruling; however, they will protect the private letter ruling already agreed to. Ryan Kitchell asked Tom Davidson to find out if TRF has statutory authority to sponsor a 403B plan for teachers. Tom Davidson will research this question and revisit it at the next Board meeting. The Board inquired about establishing a policy for communicating with members who reach their 5 years of service and are eligible for pre-tax contributions, that they now have a two year window to elect to do so.

Steffanie Rhinesmith reviewed her liquidity analysis presentation with the Board.

Bob Newland discussed the Investment Policy Change re: UBTI Blocker presentation with the Board. The Investments division recommended deleting Section I-4-F of the PEP and Section IV-E-1 of the REP. Don Bennett moved to approve the staff's recommendation and Ryan Kitchell seconded the motion. The motion carried.

Bob Newland gave an Investments update to the Board. Dave Adams questioned the process for determining when a watch list manager should be removed from the portfolio, and Bob Newland discussed the numerous factors that go into the removal process with the Board. Cyndi Walsh stated that an annual asset allocation review should be considered in a rapidly changing world of investment alternatives. Dave Adams would also like to re-look at active vs. passive to see how the Fund is doing.

Julia Pogue presented the financial update to the Board. Julia reviewed actual expenses compared to budget and the amount of money in the undistributed fund. She noted the Guaranteed Fund reserve account balance was \$260 million on December 31, 2007 and is now down to \$216 million.

Julia introduced John Dowell and Mike Zurich, actuaries from Alliance Benefit Group. John and Mike presented the actuarial analysis and employer contribution rate hand-out and answered questions from the Board. TRF staff recommended a contribution rate of 7.0% to be effective January 1, 2009. Ryan Kitchell moved to approve staff's recommendation and Don Bennett seconded the motion. The motion carried.

Steve Russo presented his Executive Director's report. Steve discussed the 2008 legislation that will impact TRF, the new quarterly statement design, the business systems replacement status, TRF's potential initiatives,

and the new organization chart. Steve noted he received a letter from a school superintendent praising TRF's Communication Outreach Specialist, Bettie Drake, for great work on her retirement presentations.

There will be no April Board meeting. The May Board meeting was set for May 27, 2008 at 10:00a.m.

There being no additional business, Ryan Kitchell moved to adjourn the meeting. Cyndi Walsh seconded the motion. The meeting adjourned at 12:37p.m.